

## Message Text

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INFO OCT-01 ISO-00 /005 R

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DRAFTED BY EA/PRCM:NBGUENTHER

APPROVED BY EA/PRCM:TSBROOKS

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R 142209Z MAY 74

FM SECSTATE WASHDC

TO AMCONSUL HONG KONG

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FOL REPEAT STATE 095278 SENT ACTION TOKYO MADRID  
SEOUL OTTAWA MEXICO LONDON BUENOS AIRES STOCKHOLM  
PARIS BONN THE HAGUE LUXEMBOURG ROME TAIPEI  
CARACAS ATHENS ANKARA BRUSSELS PEKING INFO EC  
BRUSSELS DUESSELDORF MAY 08

QTE

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E.O. 11652: N/A

TAGS: EIND, ETRD

SUBJECT: HOST COUNTRY FERROUS SCRAP REQUIREMENTS DURING  
LAST SIX MONTHS 1974

REF: STATE 183681

1. USG IS AGAIN REVIEWING FERROUS SCRAP SITUATION, INCLUDING FORECASTED FOREIGN DEMAND, TO DETERMINE WHAT U.S. EXPORT POLICY WILL BE AFTER JUNE ,1974. HIGHER PRICES THUS FAR DURING 1974 (WHICH PEAKED IN APRIL AT ABOUT 140 DOLS. PER LONG TON AND ARE NOW AT 100 DOLS. PER LONG TON) HAVE CURBED FOREIGN DEMAND FOR U.S. FERROUS SCRAP TO SOME EXTENT, RELATIVE TO WHAT WAS ANTICIPATED AT END OF 1973 AND REPORTED IN RESPONSE TO REFTTEL.

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2. IN ORDER TO BE MEANINGFUL, ESTIMATES OF HOST-COUNTRY DEMAND FOR U.S. FERROUS SCRAP MUST BE RELATED TO SPECIFIC PRICE ASSUMPTIONS. ESTIMATES AT DIFFERENT PRICES SHOULD REFLECT SHIFT IN STEEL-MAKING REQUIREMENTS FROM SCRAP TO PIG-IRON INPUT AT HIGHER SCRAP PRICES.

3. ADDRESSEE POSTS ARE THEREFORE REQUESTED TO PROVIDE FOLLOWING INFORMATION FOR LAST SIX MONTHS ONLY OF 1974 (BY QUARTERS IF POSSIBLE):

- A. STEEL PRODUCTION FORECAST FOR HOST COUNTRY
- B. ESTIMATED FERROUS SCRAP IMPORT REQUIREMENTS FROM U.S. BY HOST-COUNTRY STEEL MILLS AND FOUNDRIES (IN ABSENCE OF U.S. EXPORT CONTROLS), ASSUMING ALTERNATIVELY THAT PRICE OF U.S. FERROUS SCRAP IS (1) 75 DOLS. PER LT, (2) 100 DOLS. PER LT, AND (3) 125 DOLS. PER LT (ALL PRICES F.O.B. U.S. PORT)
- C. ESTIMATED SCRAP INVENTORY HELD BY STEEL MILLS AND FOUNDRIES IN HOST COUNTRY AT END OF MARCH 1974 (OR MOST RECENT TIME FOR WHICH DATA IS AVAILABLE) AND AT CORRESPONDING TIME DURING 1973. (INFO SHOULD BE EXPRESSED IN UNITS OF DAILY SCRAP CONSUMPTION.)

4. POSTS SHOULD USE OWN JUDGEMENT AS TO WHETHER TO APPROACH HOST COUNTRY OFFICIALS IN DEVELOPING INFORMATION. IF POST BELIEVES SUCH APPROACH MIGHT CREATE PROBLEMS OR RESULT IN INACCURATE INFORMATION, POST REQUESTED TO PROVIDE ITS OWN ESTIMATES RE PARA 3 REQUESTS. POST ESTIMATES SHOULD BE IDENTIFIED AS SUCH. EMBASSY RESPONSE SHOULD IDENTIFY ANY IMPORTANT ECONOMIC ASSUMPTIONS ON WHICH ESTIMATES ARE BASED (I.E., LEVEL OF ECONOMIC ACTIVITY, ENERGY CONSTRAINTS, ETC.). EMBASSY ANALYSIS OF HOST-COUNTRY ESTIMATES IS ALSO REQUESTED.

5. SUBJECT INFORMATION IS NEEDED BY MAY 20. RUSH

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Concepts:** IRON, SCRAP METALS, EXPORT QUOTAS  
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